India

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NOTES AND NEWS.

THE "debate on the Indian Budget," as it is inaccurately termed, took place in the House of Commons last Friday a few hours before the prorogation. Half a dozen or a dozen members were present, and in all the melancholy record of "Indian Budget nights" it would be difficult to find a parallel to quite so dismal a performance. It will be seen that no amendment was moved except formally, and no division was taken. Most of our space is occupied this week with a report of the discussion, though we deal elsewhere with some of the passages in Lord George Hamilton's speech. Sir M. M. Bhownaggree's speech marks a distinct advance upon his previous doings on these occasions. Mr. Caine, it will be seen, made a vigorous speech dealing mainly with waste in expenditure, the unnecessarily large army in India, the claims of irrigation, and the Bombay Land Revenue Bill. We must return next week to detailed discussion of the chief points raised.

Owing to the demands of the Budget debate upon our space this week, we are obliged to postpone the presentation of extracts from the British Press, showing how Lord George Hamilton's Statement has been received throughout the country. It may be well, however, to select a few points for immediate notice. The "Standard" expressly mentions that when Lord George Hamilton commenced his speech there were only "three Liberals and half a dozen Ministerialists" in the House, and that "there were never more than six members on the Opposition Benches during the five hours' Debate," nor, it might be added, were there more on the Ministerial Benches. Lord George himself said "the House is empty." This gives the measure of the interest of this "Imperial" Parliament, say Sir Henry Fowler what he may. The "Manchester Guardian" seized with certain precision the main point—namely, the contrast between the optimistic figures of the Budget and the dismal facts of the life of the Indian people. The "Daily News" said that "if Lord George Hamilton would apply his mind to the actual condition of the people instead of preaching the doctrine that surpluses spell prosperity he would begin to learn his business. As it is, he has not mastered the rudiments of Indian problems." Yet this is his twelfth conventional Budget Statement.

The "Daily News" indeed is waking up to the importance of Indian questions, and making a creditable effort to hold on by the right end of the string. It says:—

> What with fixed cash payments that the peasant has to make for his land, and the exactions of the moneylender, backed by our courts, the peasant is being bled to death. Surpluses may disguise it, and famines, like that of last year, may make us forget the chronic famine which is destroying the splendid races of the Indian continent. But all the optimism of the India Office cannot hide the fact that under the British system, a system of good intentions, but machine-made methods, utterly unfitted for the East, the peasantry are sinking into a desperate condition.

The "Daily Chronicle" says Lord George "was very optimistic, but perhaps without sufficient warrant," for "it would take very little to upset India's financial equilibrium again." As if that equilibrium had ever been other than factitious and radically unsound! Our contemporary is enthusiastic for irrigation. It regards as an excellent proposal "an enquiry into the whole method and object of education in India, with a view, we may hope, to checking the further growth of half-educated Babus who are unfitted to work either with their hands or their heads." As if there had not been ample enquiry already with ridiculously little practical result! Education is a question of money, and money there is none—except in the paper estimates of the Budget.

The "Chronicle" cannot agree with Mr. Caine that the employment of some Indian troops in South Africa and China proves that the Army in India could safely be reduced by that amount.

> But we think with him and the other members of last year's Royal Commission on Indian Expenditure who signed the Minority Report that the Imperial Treasury should bear a larger share of the expense of British troops quartered in India. It appears to us that the proposal to relieve the revenues of India of the charge of at least 20,000 out of the 75,000 such troops does not go in the least too far, and that if this were carried out the chief grievance against our rule in the country would be removed.

Really; and this is what the "Chronicle" has come to. However, let us be thankful for so much. The "Westminster Gazette" expresses sympathy with "those who think that the Imperial Treasury might fairly be called upon to bear a larger share of the expense of British troops in India than is at present the case. This is a point," it says, "on which the intelligent subjects of our great dependency feel keenly, and some relief in the direction indicated would be in every way a wise step." It finds the financial statement, however, "on the whole fairly satisfactory—more satisfactory indeed than it has been for some years."

We have already quoted the "Globe's" cheerful note, which it does not scruple to repeat. "All branches of the Indian revenue," it says, "are flourishing, and that not as the result of heavy taxation, but because of the extension of railways, irrigation, and other reproductive works." The "Morning Advertiser" is also overjoyed: Lord George's statement "cannot fail to exact a recognition of how wonderfully the situation has improved, despite all the untoward conditions"; "the benefits of English rule have been brought home more and more to the peoples of India, the truest foundation for continued success." The "Morning Post" declares Lord George's figures to be "really astonishing," and draws a moral: "If the Pro-Boers could be taught anything, they might well be recommended to study the practical results of British administration on the finances of India and Egypt as an earnest of the similiar change which must shortly take place in the Transvaal." The "Echo" says two things must be driven out of the public mind: first, Lord George Hamilton's view that we can use our Indian army as a kind of Imperial reserve paid for by India; and second, that every famine is an "act of God," and we can only open a Mansion House Fund and trouble ourselves no further about it. The "Morning Leader" regards the attitude of the House as a first-class example of the spirit of "Little-Englandism." "The secret of the flourishing balance which the Indian exchequer is able to show," it says, "is the ruin year by year of the villager, who pays for the Civil Service and the expensive army." "Not even the eloquent words of Lord Curzon will remove the sullen despondency of the Native, lift from him the knowledge of his poverty, or persuade him of the beneficent unselfishness of this Empire, few of whose rulers will even trouble to yawn through one evening in the year when the improvement of his lot comes up for discussion."

A PARADOX AND A WINDFALL.

"THE tone of the Budget is optimist—provokingly so to people who are still living under the shadow of famine, pestilence, and commercial depression." So wrote the "Times of India," Anglo-Indian organ though it be, in an admirable article upon Sir Edward Law's Budget Statement last March. But Sir Edward Law was pessimism itself by contrast with the pose assumed by Lord George Hamilton in the essay he read to half-a-dozen members of the House of Commons last Friday. He not merely repeated but repeated with relish all the unconscious fallacies and well-meaning misrepresentations of the Finance Minister, but contrived to add some new ones from the India Office. Nothing would satisfy him short of contending that in the midst of the worst famine on record the Government of India can exhibit the most satisfactory Budget on record. Once again, then, he reminds us of the irrepressible humourist who was said to have been "the life and soul of his father's funeral." But of course he overdid it. The essay lacked finish, and the paradox was too glaring. In a deserted House of Commons, indeed, it seems for the moment to have passed muster. Nature abhors a vacuum, but a vacuum abhors nothing. But every English journal which has treated the India Office's essay seriously has denounced the sham as it deserved. If the best Budget appears to coincide with the worst famine, one of two things follows. Either the famine is imaginary or the Government's book-keeping has little relation to the facts of life among those whom it rules. But we know that the famine is a grim reality.

"Since the territories of the East India Company passed over to the authority of the Crown I doubt," Lord George Hamilton said, "if any Secretary of State has been able to make a more satisfactory statement as (? than) it will fall to my lot to unfold." Such was his boast. Yet what were the admissions which that statement contained? He admitted that there had been a famine "unequalled in its dimensions, intensity and duration," and that it had caused "a distress and loss and depreciation of agricultural credit and property which have not, so far as we know, been equalled during the last century." He admitted that the consequent loss of property among the agricultural community in Western India was estimated at not less than £50,000,000 sterling. He admitted that in many parts of the Province of Bombay during the greater part of the last three years "all private employment ceased." He admitted that the work of famine-relief alone had cost the Indian Exchequer —that is to say, the Indian taxpayers—£15,171,000. He admitted that the numbers on relief and the loss of cattle and crops during the present famine had been "greater than in any preceding visitation of which we have record." And he admitted that a million and a quarter human lives—a grotesque under-estimate—had been lost through the famine. And yet he had the most satisfactory of all financial statements to unfold! It is the sort of contradiction which puts reasonable men on enquiry. And what does enquiry show? Lord George Hamilton's exhilaration is ostensibly due to a surplus of a million and a half. But how has the surplus been obtained? We pass over the dislocation of the finances caused by the famine—dislocation which means that useful expenditure has been arrested. But the greater part of the surplus which is finally exhibited is admittedly due to "a windfall"—the phrase is Lord George Hamilton's own. Some thousands of soldiers from the unnecessarily large army which India is against her will compelled to maintain were lent for use in South Africa and in China. This transaction involved a saving to India of more than a million sterling. In other words, two-thirds of the boasted surplus are due to a temporary, partial, and accidental reduction of an exorbitant standing charge. What of the remaining third? Lord George Hamilton and the House of Commons may have forgotten, but the taxpayers of India do not forget, that many new taxes have been imposed in India since 1886, yielding fresh revenue which is counted in millions, on the ground of "loss by exchange." The Government, by a currency juggle which really imposes fresh though concealed taxation upon the Indian people, boasts that it has got rid of loss by exchange. So it has on paper. But the special taxes still remain. Here, then, we have that which accounts for the wonderful surplus and much besides. If Lord G. Hamilton's boasts were to be treated seriously they would amount to a severe condemnation of the Government of India for failing to remit taxation.

Lord George Hamilton was plainly uneasy about his paradox. He said he expected to be told that his treatment of the figures was "optimistic," and that his survey of Indian finance and India's economic condition was "superficial and rosy." His expectation was just. To the more substantial part of his essay we replied in detail when it was still in the form of speeches by Lord Curzon and Sir Edward Law. But the Secretary of State, developing their theme, claimed to show by reference to "economic tests universally accepted and applied to all civilised nations" that the Indian community is advancing and prosperous. Language of this kind has been held by successive Secretaries for India for many years past. If their smooth reports had been well founded the Indian peasant would have been before now a fat and prosperous capitalist. But somehow, instead of that, we find that famine in India recurs with increasing severity at intervals that become shorter. That is a fact which seems to call for explanation. But Lord G. Hamilton ignores it, just as he ignores the recent census returns which showed that during the last decade the growth of population in India had been nearly 28 millions below the normal. When he comes to apply his "economic tests" he starts with a cardinal blunder. "If the test be a sound one here," he says, "it cannot be the reverse in India"; and he protests against the assertion that India is a country so peculiarly organised and constituted that she is to be exempt from tests and criteria universally applied to other civilised communities. Now, it is easy to protest against a statement if one begins by absurdly mis-stating it. What is said, and truly said, of India is that, as her Government and her trade are mainly in the hands of aliens, who spend out of the country most of what they obtain in the country, the ordinary tests and criteria of economic prosperity may well be misleading in her case unless they are employed with discrimination. It is misleading, for example, to say that an Indian is prospering when what is meant is that a European trader in India is prospering. Otherwise one might infer prosperity in India from the large salaries paid to officials in India and in London. The truth is that there is no parallel in the world to the peculiar economic position of India. It might be paralleled if, say, the Chinese were to conquer England, establish an English Civil Service, central and local, manned almost exclusively by Chinese public-school boys on short service and ample pensions, develope the country with railways at a guaranteed rate of interest payable to Chinese shareholders, plant Chinese traders and professional men in nearly all the good commercial and professional posts in the country, and in these and other ways contrive to take from England to China every year something between 25 and 35 millions sterling without any equivalent return in money or other commodities. How many generations of that system, one wonders, would have passed before educated Englishmen began to say to the Chinese: "Your Civil Service is heaven-born, your railways are miraculous, and your merchants are charming; but we—your fortunate and unworthy subjects—are dying of starvation by the million; we beg you, therefore, either to be more economical or to suffer more of us to take a real share in the government of our country and so obtain a little of the wisdom, work, and wealth that now attract the Chinese parents who ask 'what shall we do with our boys?'" Before long, we fancy, our Chinese rulers might be reminded of the passages in which John Stuart Mill describes the economic effects that are produced where a country has to make regular payments to foreign countries.

We have dealt with this matter many times before, and shall return to it, as well as to many other passages in Lord G. Hamilton's speech which call for rejoinder. He takes great credit, it will be seen, for the "profit" of

three millions sterling which the Government of India is said to have "made" during the year from coinage operations. If, as seems clear, this coinage was necessary, why were the mints closed? And from whom has the "profit" been "made" if not from the tax-payers of India? His reference to the refusal of the proposed national grant towards the relief of famine is merely amazing. He says that if the grant had been voted "it would have made little difference as regards famine disbursements, but it would have gone to swell the large surplus in India." If that had happened, one can only say that the Government of India would have been guilty of a scandalous misappropriation of charitable funds. For the proposal was that the money should be sent to the Viceroy to be disbursed in charity by way of supplementing the operations of official relief. The need for such supplementary aid was stated nowhere more forcibly than in Lord Curzon's eloquent appeals to the private liberality of the British public. Not less misleading is Lord G. Hamilton's reference to the work and the report of the Royal Commission on Indian expenditure. The Commission, he says, reported in favour of a transfer to the Imperial Exchequer of certain charges which had hitherto been borne by the revenues of India, and "the Chancellor of the Exchequer at once assented to that proposition." A more candid account of the transaction would have explained, as our readers are aware, that the India Office did not lay the ungarbled recommendations of the Commission before the Treasury. The first, and in some respects the most important, recommendation of the Commission was that the British Exchequer should pay £50,000 a year on account of the India Office—a plan which might have secured incidentally a real instead of a sham debate about India in the House of Commons. But the India Office preferred to substitute new proposals of its own, and it was to those—and not to the recommendations of the Commission—that the Chancellor of the Exchequer assented. We have come to the end of our space, but not by any means to the end of those of Lord George Hamilton's observations which call for criticism.

OUR LONDON LETTER.

WESTMINSTER, Thursday.

"I observe," said Lord George Hamilton, in the course of his statement on the affairs of India last Friday, "that the House is empty." The Minister was not complaining; he was merely excusing himself from the task of detailed exposition. Why inflict a mass of detail and statistics on an array of empty benches? Secretaries for India soon learn to rise superior to the vanity which prompts men like Mr. Chamberlain or Mr. Asquith to defer their orations pending the appearance of a worthy audience. Lord George Hamilton, indeed, may conceivably prefer an empty to a full House. Vacancy implies an absence of excitement and in the absence of excitement criticism is reduced to a minimum. An Irish member put the case forcibly when at a later period of the evening he shocked the Government by suggesting that to make India the most interesting place in the world, in the eyes of the British public, all that was needed was a small rising or an accident to a frontier garrison.

Meanwhile, as Lord George Hamilton had said, the House was empty. The remark was no mere figure of speech. When the Minister rose, his audience on the Liberal side consisted of Mr. Caine, Mr. John Burns, and Mr. Herbert Roberts. Not a single ex-Minister adorned the front Opposition bench. Even Sir Henry Fowler had fled. Never had a Secretary for India, according to Lord George Hamilton, enjoyed the privilege of presenting so satisfactory a Budget. Never, he might have added, had a Minister risen to make an important statement to such a beggarly array of empty benches. One must be careful, however, not to exaggerate the scandal. As many as two of the twenty or thirty members of the Government who have seats in the House of Commons sat patiently through a considerable part of the Minister's statement. Mr. Balfour, indeed, showed his interest in it by interjecting an occasional cheer, while Mr. Ritchie kept watch and ward over his colleague's glass of water. Moreover, Sir Mancherjee Bhownaggree and fully half-a-dozen other Conservatives remained in attendance on the back benches. Altogether as many as twelve members were to be counted during one portion or another of Lord George Hamilton's speech.

Many distinguished Indians and Anglo-Indians looked down on the strange scene from the public galleries. Perhaps they looked down on it in a double sense. Their English neighbours must have longed to draw a curtain between the spectacle and its bright-eyed spectators. It has been suggested that Natives of India should be excluded from the House of Commons on Indian nights—the nakedness of the land being so palpable. Happily, the debate itself, though quiet and business-like, was worthy of a larger audience, and though nothing could disturb the complacency of Lord George Hamilton he was at least constrained to listen to some salutary criticism.

If anything could have aggravated the indifference with which members treated the Indian debate, it was their conduct in the earlier part of the evening. In former years, the emptiness of the House on these occasions has been explained by the nearness of the prorogation and the eagerness of worn and wearied legislators to anticipate the recess. No such excuse could be pleaded last Friday. For two hours before Lord George Hamilton rose every seat was tenanted. Even the Peers' gallery was full, and—a still rarer sight—the side galleries were thronged with private secretaries and committee clerks. The press gallery, too, was packed. Eminent leader writers, special impressionists, long-haired artists and nimble stenographers had assembled in force, greatly to the admiration, no doubt, of the turbaned Orientals whose minds were pervaded by thoughts of India.

Alas for the vanity of patriotism! The moment India was mentioned this insubstantial pageant faded and left only the Indian Secretary behind. The great assembly of peers, commoners and journalists had gathered not to do homage to the brightest jewel in the British crown but to see an editor and a publisher brought to the bar of the House to answer for a breach of privilege. While this solemn yet ludicrous inquisition was in progress the very air seemed to palpitate with excitement. Once, twice, and yet a third time were the offenders confronted with the majesty of Parliament before the Speaker found himself able to dismiss them with a reprimand. The momentous nature of the occasion affected Mr. Balfour to such a degree that he incontinently knighted one of the culprits, investing him with a dignity which belonged to his father. Mr. Gully, too, was either slightly overcome, or unwontedly ironical; for, more than once in the course of the proceedings, he astonished the persons at the Bar by describing them as honourable members. The Indian debate, at least, produced no portent equal to this.

Next day came the prorogation, signalised by a speech from the Throne in which the King was made to speak of the close of his first Parliament. 'Tis a consummation devoutly to be wished. A more incompetent Parliament has seldom sat at Westminster, and the sooner it it makes way for a new one the better. Unfortunately, there is no immediate prospect of its suicide. Lord Salisbury intends to retain the Premiership till after the Coronation, and that being so he will doubtless continue in office for two years more, terminating his official career in 1902 with an Irish Disfranchisement Act. It would be an appropriate sequel to the Franchise war in South Africa and, needless to say, the movement has already found an ardent champion in Mr. Chamberlain, the unrepentant author of that conflagration.

For the rest, things remain much as they were at the opening of Parliament. Members have sat day and night for some months, have spent nearly three weeks in the division lobbies, have wrangled with the Speaker and have been carried out by the police, have authorised expenditure to the extent of £200,000,000, and generally have made a great splash without getting any further forward. Mr. Balfour has been the failure, and Mr. John Redmond the success of the Session. The assertion is more than an antithesis—it is a fact.

Imperial Parliament.

Thursday, August 15.

HOUSE OF COMMONS.

THE INDIA OFFICE AUDITOR.

Mr. William Jones asked the Secretary of State for India whether he could state the present salaries of the auditor for the India Office and of his deputy; whether those salaries had been recently increased, and, if so, when and on what grounds; what was the total cost of the auditor's department and what relation that cost bore to the amount to be audited; what was the total number of queries raised by the auditor in the last five years, and what was the total sum involved in those queries.

Lord G. Hamilton: The salaries of the Auditor and of his assistant are respectively £1,200 and £800 rising to £1,000; they were increased to these amounts in February 1900, on the ground of the importance of the duties performed, and with due regard to the salaries paid for services of similar importance elsewhere. The total cost of the Auditor's Department, which was created by Act of Parliament, is about £7,000 a year; the sums which he has to audit amount to nearly 80 millions sterling annually. The total number of queries raised by the Auditor during the last five years is 1,270: but this fact gives no indication whatever of the extent or importance of the duties performed by him.

BURMA PUBLIC WORKS DEPARTMENT.

Mr. Keswick asked the Secretary of State for India whether he was aware that the Public Works Department in Burma was insisting on taking over houses belonging to private owners in the Cantonment of Rangoon without paying the full and fair value of the buildings; and whether he would have the matter enquired into, and by arbitration or otherwise have the real value of the houses ascertained.

Lord G. Hamilton: I have no information on the subject to which this question refers, but I will make enquiry.

THE G.I.P. RAILWAY CO.'S ANNUITIES.

Mr. Gordon asked the Secretary of State for India whether he was now prepared to publish the manner of calculating the rate of interest used in connexion with the amount of Great Indian Peninsula Railway Company's Annuities; whether it was identical with the process employed when the Indian Government terminated the lease and repaid the capital of the Scinde and Eastern Bengal Railway Companies; and, if not, what cause there was for altering the precedents of the past twenty years.

Mr. Gordon also asked the Secretary of State for India if he was prepared to accept the method and details of the recent Great Indian Peninsula Railway Company's repayment as precedents governing the approaching repayment in 1905 and 1907 of the capital of the Bombay Railway Company and the Madras Railway Company.

Lord G. Hamilton: The procedure to be adopted, if the Government purchase by annuity, will be that which is prescribed in the contract, viz., a reference to the Governor or Deputy-Governor of the Bank of England to decide the rate of interest which shall govern the annuity. But as I have before often stated, I have no cognizance of, or authority over, the method or details by or upon which the Governor or Deputy-Governor of the Bank of England may arrive at his determination on the point referred to him.

Friday, August 16.

HOUSE OF COMMONS.

DELAY OF THE FAMINE COMMISSION'S REPORT.

Mr. Herbert Roberts asked the Secretary of State for India, having regard to the fact that the report of the Indian Famine Commission appointed in 1900 was submitted to the Viceroy in May last, whether, in view of the bearing of the report upon the future administrative action as regards famines, he would state the reasons why this delay had taken place in laying its recommendations before Parliament.

Lord G. Hamilton: The delay is due to the fact that the Government of India had to consider very carefully the recommendations of the Commission and the action to be taken upon them, which, as I stated in this House on the 8th inst., involved complex and most important questions. I have only very recently received the Report from the Government of India together with a despatch giving the result of their deliberations. As soon as I have dealt with the various suggestions made I shall publish the papers together with conclusions upon them that the Government have arrived at.

BOMBAY LAND REVENUE BILL.

Mr. Herbert Roberts asked the Secretary of State for India whether his attention had been drawn to the Bombay Land Revenue Bill, recently introduced in the Bombay Legislative Council; whether he was aware that this Bill would empower the Government to re-settle the holdings of cultivators, without the rights of sale or mortgage, in tracts of the country where tenants had possessed those rights for the last 50 years; whether it was the intention of the Government, under this Bill, to sell the holdings now in arrear on account of the recent famine, and to re-settle their holdings without the rights at present enjoyed by them: Whether he was aware that this Bill was opposed by the Native members on the Select Committee of the Bombay Legislative Council, and by associations in Bombay; and was he aware of the feeling it had created in the province: And, whether, in view of the principle hitherto followed in Bombay and other provinces with regard to the preservation of the tenant-rights of cultivators, he would give an assurance that this House would have an opportunity of further considering the subject before the measure was passed into law.

Lord G. Hamilton: I am aware that a Bill is before the Bombay Legislative Council for the amendment of the Land Revenue Code of the Presidency, though I cannot accept the hon. Member's description of it as altogether correct. I am also aware that some misapprehension exists in India as to its objects and provisions. The whole subject is being very carefully considered both by the Bombay Government and by the Government of India, and will be further considered by myself in Council, if the measure in question becomes law. I can give no assurance that I will take any steps to interfere with the constitutional methods of legislation for India.

CONGESTION OF RAILWAY TRAFFIC.

Mr. Herbert Roberts asked the Secretary of State for India whether the attention of the Public Works Department of the India Office had been drawn to the delays and congestion of the traffic on the East Indian and other railways converging on the Howrah goods station at Calcutta, and the consequent hindrance to export trade from the port of that city: And, whether he would consider the desirability of causing an independent investigation to be made by an engineering commission as to the practicability by means of canals or otherwise to relieve the congestion of railway traffic at the point referred to.

Lord G. Hamilton: The congestion of traffic on the railways referred to has recently been under consideration by a special committee of railway authorities, members of Chambers of Commerce, and merchants, appointed in India. This Committee has recently reported to the Government of India, who will inform the Secretary of State of their recommendations after considering that report. Pending the receipt of the views of the Government of India, I do not propose to take any such action as is suggested in the hon. Member's question.

THE "DEBATE ON THE INDIAN BUDGET."

MORE OPTIMISTIC THAN EVER.

THE BEST BUDGET AND THE WORST FAMINE.

"THE HOUSE IS EMPTY."

NO DIVISION CHALLENGED.

On the motion to go into Committee on the East India Revenue Accounts,

Lord G. Hamilton said:—The three financial statements with which I have to deal are associated with a period of continuous agricultural misfortune and depression in Western India. A drought, unequalled in its dimensions, intensity, and duration, has throughout this period afflicted Bombay and the Central Provinces, causing a distress and loss and depreciation of agricultural credit and property which have not, so far as we know, been equalled during the last century. Putting for a moment on one side the misery, the privation, and the mortality inflicted upon humanity alone by this awful visitation, the property lost to the agricultural community in Western India is estimated to be not less than £50,000,000 sterling. India has few large industries other than agricultural, and the largest of her industrial enterprises is the production and manufacture of cotton. This industry is situated in the midst of the afflicted districts, and has suffered accordingly. It is no exaggeration to say that in many parts of the Province of Bombay during the greater period of this distress all private employment ceased, and the whole of the labouring classes were thrown upon the shoulders of the Government. In accordance with the pledge I repeatedly gave in this House, that the whole administrative machinery and financial credit of the Government of India should be fully exercised in saving life and relieving distress, a gigantic task and expenditure were thrown upon the financial system and credit of India.

"NEVER A MORE SATISFACTORY STATEMENT."

There were many members in this House who doubted if the resources of India were capable of sustaining this burden, and who, in their anxiety that there should be no miscarriage of relief from want of funds, pressed upon me the advisability of a large grant from the Imperial Exchequer as an essential aid to the Indian Treasury. The relief expenditure has been very great, but I am glad to be able to say that, while not a single demand from any local authority has been refused, we have been able to meet it without difficulty from our own resources. Taking the cost of direct relief and the loss to the Revenue during the three years in question, they amount to £10,044,000, and, if we add to this the temporary burden thrown on cash balances from loans and advances, we arrive at a total sum of £15,171,000, which for famine relief alone had to be found by the Indian Exchequer. Under conditions such as these, it will be imagined by many that the statement I have to make must, so far as the balance of expenditure and income are concerned, necessarily be unsatisfactory, and that, even assuming that this vast additional expenditure could be met without a permanent depreciation of credit, still it must have disorganized, for the

three years in which it occurred, the equilibrium of Indian finance. I am glad to be able to dissipate, at the outset of my statement, any such anticipation. Since the territories of the East India Company passed over to the authority of the Crown I doubt if any Secretary of State has been able to make a more satisfactory statement as it will fall to my lot to unfold. (Hear, hear.) The surpluses of income over expenditure, including all cost for famine relief, are large, continuous, and progressive. We have had certain windfalls to assist us, but the most interesting feature of the figures that I have to deal with are that they show that, notwithstanding the great losses and depreciation of agriculture in the West, taking India as a whole, the vast community within its borders have progressed and prospered, and there has been a distinct economic advance. The fact is that the great peninsula of India is not a country, but a continent, and the 300,000,000 inhabitants it contains are not one nation, but many nations, races, and communities, widely differing one from another, and living under dissimilar climates and physical divergences, and such is the law of compensation that it almost invariably follows that the loss in one province and the distress of one community is the gain and benefit of those in other parts of the peninsula.

"ECONOMIC" TESTS.

I shall, no doubt, be told in the ensuing debate that my figures are optimistic, that my survey of Indian finance and India's economic condition is superficial and rosy, and that my figures are cunningly manipulated to hide the increased impoverishment, if not the insolvency, of India. These comments are the reply that is annually made in certain quarters to the official statements of facts and figures connected with India's financial progress. I am no optimist. My tendency is to inflate rather than contract the difficulties I see ahead; and this characteristic as years advance grows rather than diminishes. This is the twelfth annual statement that, in the course of my political life, I have had the honour to make on behalf of the Indian Government. (Cheers.) On every occasion certain of my critics have questioned the accuracy of my figures, which they allege are founded more on official optimism than actual facts and reliable forecast. On every occasion in the course of the next twelve months the actual figures of the closed accounts, as opposed to my estimate, have been forthcoming, and in every instance the actual figures realized have been more favourable than my anticipation. But then it may be urged that, even if my figures are statistically correct, my review of the economic and material progress of India is thoroughly fallacious, that I fasten upon a few extraneous incidents and inflate them to the glorification of British rule in India, but that I ignore the inner life of the great mass of the community, who are steadily under our processes becoming more and more impoverished. Well, sir, on that point I will only make this one remark. The tests by which I judge of India's material advancement or retrogression are not my own, nor those of the Indian Government. They are the economic tests universally accepted and applied to all civilized nations. Year after year the Chancellor of the Exchequer, in his annual statement upon Great Britain's finance and industrial condition, applies certain criteria as to the country's prosperity. If he can show that the general powers of consumption and production of the community, the deposits in the banks, the average wages in town and country, the intake of taxation, the proceeds of dutiable articles—if he can show that all these in combination are satisfactory, it is accepted as unmistakable evidence that the community is advancing and prosperous. If the test be a sound one here, it cannot be the reverse in India. If this test be accepted in the case of this country, it should not be disputed in the case of India. I care not what test you apply in order to ascertain whether India is improving or deteriorating, provided it is one that it is accepted and in universal use amongst other civilized nations; but I wish to enter my protest against the assertion, not unfrequently made by those unable to disprove our statements, that India is a country so peculiarly organized and constituted that she is to be exempt from the tests and criteria which are universally applied to all other civilized communities.

"A WINDFALL."

For the year 1899-1900 the charge for famine expenditure, exclusive of loans, was £3,442,000, but the revenue was so satisfactory that we were able to meet the whole of that exceptional charge and, at the same time, to realize a surplus of £2,774,623. (Hear, hear.) The finance of the next year, 1900-1901, passed through various changes and permutations, and caused considerable anxiety to the Indian Finance Minister. Mr. Dawkins was responsible for the Budget, and he was compelled to estimate that he would have to meet a direct famine charge of £4,648,300, and, therefore, he did not like to estimate for a larger surplus than £160,000. He anticipated, as he had a perfect right to do, that he might depend this year upon a nominal rainfall. Unfortunately, his anticipations were not realized, and for the third year in succession, and, contrary to all meteorological experience and records, drought fastened again on the very richest part of Western India. It was under these circumstances that I had last year to make my financial statement. It was clear that there would have to be additional provision made for famine relief, and, therefore, knowing that increased expenditure was certain but being uncertain as to the dimensions it might attain, I budgeted for a deficiency of £826,000. The famine expenditure did largely increase, and reached the large sum of £5,561,000, but I am glad to say that so satisfactory was the return of the revenue under almost every single head except land revenue that, now that I have got the final figures for the year, my estimated deficit of £826,000 is turned into a surplus of £1,671,000.

Mr. CAINE: Does that include the grants in respect of troops employed out of India?

Lord G. HAMILTON: I was coming to that. We had a windfall this year, because a considerable number of troops were taken off the Indian Establishment and engaged both in China and South Africa, and whilst they were so absent the whole charge of their maintenance was borne by the Imperial Government. But, on the other hand, a certain proportion of the saving was expended in re-arming the Native troops and in various ways in improving the efficiency of the army that was in India. The really satisfactory feature of this year's finance is that as regards Salt, Excise, Customs, Post Office, and Telegraphs there is a substantial increase, and that the railway account is better by £641,000 than was anticipated. (Hear, hear.)

"PROFITS" FROM THE MINT.

There is an important change effected in the Mint this year, which is worthy of the notice of the House. It has always been the practice in the past to include the profits from the Mint in the ordinary revenue of the year. Before the Mints were closed these profits consisted mainly of seignorage, the profits on each rupee that was coined being small. When the Mints became closed to the public sellers of silver, the profits on each rupee coined, the exchange value being taken at 1s. 4d., were large. The number coined was small; but in this year the demand for coined rupees, partly on account of famine and partly by a desire on the part of traders to exchange rupees for the gold sent to India, became very great. The Government had to purchase silver largely, and the upshot of the coinage operations of the year was that we coined no less than 171,000,000 rupees. The profit is very large. It amounts to about 26 per cent. of the intrinsic metallic value of the rupee, and this gave a net profit of nearly £3,000,000 sterling. No part of this profit has been credited to revenue. If it had been so realized, the surplus would have been upwards of £4,500,000. The profits of the amount for this year and subsequently have been set aside to form a source of income of a gold reserve fund which has been established to give stability to exchange and security to the currency system we have recently established in India. If this sum had, in accordance with practice, been included in the revenue of the year, the surplus of India would have amounted to nearly £5,000,000 sterling. In the same twelve months, notwithstanding increased taxation, the deficit in this country was £53,000,000.

THE REFUSAL OF A NATIONAL GRANT.

The House is empty, and there is not so large an audience as I had last year. I am sorry for it—(hear, hear)—because I should like to bring home to certain gentlemen the argument which these figures suggest. Last year, on the discussion of the Indian Budget, the First Lord of the Treasury, my right hon. friend the Chancellor of the Exchequer, and I had to stand almost alone the whole night combating the view that a large grant should be made from the Imperial Exchequer for the purpose of helping India to meet its famine charges. As I have stated, every demand made by the Indian Government was acceded to; but if the House had had their way, and £5,000,000 had been voted to India, it would have made little difference as regards famine disbursements, but it would have gone to swell the large surplus in India and to have increased the deficit of my right hon. friend the Chancellor of the Exchequer here. (Hear, hear.) In other words—and that is why I am sorry the audience is so small—if the House had had their way last year, at a time of exceptional financial pressure, they would have put additional taxation on the taxpayers of this country in order to add to the largest of modern surpluses in India. (Hear, hear.) We, certainly I, opposed that grant not so much in the interests of the English taxpayer as in the interests of India herself. If the whole structure of Indian finance is becoming stronger and more reliable, it has become so under pressure and from the knowledge that it must be self-sustaining. (Cheers.) I quite admit that occasions may occur in which it is essential that the Imperial Treasury should come to the rescue of Indian finance, and if, in a moment of unexpected or dire emergency, its credit requires supporting, let the Imperial Exchequer at once come to its assistance, but not otherwise.

FINANCE V. SENTIMENT.

In ordinary times the relations between the two Exchequers should be just and fair, India as the weaker partner getting the benefit of any doubt where the relative incidence of a common expenditure is open to question or uncertainty. Such are the relations I have endeavoured, not without success, to establish between the two Treasuries. The principles which I have laid down in connexion with the expenditure connected with military expeditions outside India have been universally accepted and have been in force for some years past, and when the Commission upon Indian expenditure, after a long delay, reported last year in favour of a considerable transfer to the Imperial Exchequer which had hitherto been borne by the revenues of India, the Chancellor of the Exchequer at once assented to that proposition. And, moreover, we have established the principle that, where there is a difference of opinion between the two Exchequers, the question in dispute shall be referred to arbitration. I quite admit in dealing with Eastern communities the great part which sentiment and the emotions play in framing a policy and giving effect to it—(hear, hear)—and, if you like, I will go further and say in laying down the general principles which should govern administration. But I think everybody will agree with me that if there is one branch of administrative and executive work in which sentiment and emotion should find no place it is in that of finance. (Hear, hear.) Any one who will take the trouble of reviewing the finance of those who have been unfortunate in money matters, whether it

be individuals or communities or nations, will find that where they have had recourse to sentimental or emotional finance it has generally ended first in repudiation, and subsequently in bankruptcy. So much for the figures of the second year.

INCREASED MILITARY EXPENDITURE.

I now come to the third year in which we now are. Sir Edward Law estimated for a surplus of £690,900 four months back, but the prospects have so improved by a general increase under all the substantial heads of revenue since March last that, by the latest telegrams, the surplus is raised to £1,824,200. On the expenditure side, as compared with the preceding year, there is a reduction of £3,245,000 of expenditure connected with famine. The House will, I am sure, be glad to know that the latest information as regards the crop prospects in India is, on the whole, satisfactory. The prices in certain districts are higher, and though there is not a large diminution at present in the numbers on relief in Bombay, their physical condition is reported as good. I think we may confidently expect that there will be nothing approaching to famine in any part of India during the present financial year, but the districts which have so sorely suffered during the past three or four years will require close watching and, possibly, careful nursing. There is an increase in the Army expenditure of £1,982,000. This may be divided into two sums of almost equal dimensions, one of which represents the increased cost associated with the return of the contingents that have been in China and South Africa, and the other half will be expended on the re-armament of the Native forces with the most modern rifles, the increase of artillery, the improvement of the transport service, a large purchase of ordnance stores, and the erection of factories in India for the manufacture of munitions of war. I hope this last experiment will answer and that we shall, as years roll on, be less and less dependent on supplies of this character from this country. The greater bulk of this expenditure in connexion with improvements in the service is what I may call capital expenditure, and will not recur. Perhaps it would be well that I should explain how we stand with reference to ways and means.

THE LOAN THAT FAILED.

This year we propose to spend, in accordance with our usual practice, a large sum upon the development of railway communications, and we shall be able to meet most of this expenditure from our cash balances, surplus, and other resources, but it was estimated that in order to meet the remainder of this expenditure it would be necessary to raise a loan of two crores, or £1,333,000, in India, and a loan of £1,000,000 in this country. It was subsequently decided to reduce the rupee loan in India to half that amount. My financial advisers were of opinion that, looking to the magnitude of temporary debt in the country, and to the amount of railway capital which was proposed to be raised, and to the fact that the price of India Three per Cent. Stock was above par, I should offer for subscription £3,000,000 Three per Cent. Stock at the price of 98, in place of the £1,000,000 shown in the Budget. Unfortunately, the day that we invited tenders for the subscription there was a heavy fall in American securities. In consequence a very large sale of Consols took place, with the result that there was a considerable fall in their price. It became clear that we were not likely to realize the whole of the loan. The amount placed was £700,000. Since then we have improved our position by the increase of the estimated surplus, which is better by £1,150,000 than was anticipated. Therefore, we stand very much as we did before. I must, of course, reserve to myself a free hand as to the methods by which I may for the remainder of the year provide the necessary ways and means to meet this capital expenditure. In reviewing, therefore, the finance of the last three years we find that, without additional taxation, the revenue of India has met a famine expenditure of over £10,000,000, notwithstanding wholesale agricultural prostration in Western India, as well as depression elsewhere in the staple industries of cotton, tea, and indigo, and that at the end of those three years there is a surplus of £6,377,000. These figures show a stability and recuperative power in the financial system of India which must be to many a surprise, if not a revelation. The conclusions they force upon us cannot be put on one side merely by sneers at the optimism of the Secretary of State for India, nor can they be reconciled with the theory that year by year and decade by decade the mass of the population of India are becoming more and more impoverished. If India has emerged successfully from the great ordeal through which she has recently passed it is mainly due to the far-seeing policy which the Indian Government have for many years adopted in financial matters.

"RECUPERATIVE POWERS."

That policy has been neither short-sighted nor niggardly. The Indian Government have never attempted to increase their revenue by piling up taxation. Their policy has been to utilise reproductive and recuperative agencies, such as railroads, canals, irrigation, cheap postal and telegraphic communication, and improved agricultural and industrial processes, and the establishment of a sound currency, to enlarge the source of India's production and powers of exchange. The task has been a long and costly one, and for years the return on the financial outlay, on the expenditure of effort, and on organisation which this policy entailed gave few outward signs of growth and encouragement. The current of general progress has been sluggish, with many backwaters, which some of my critics have mistaken for the current itself. But though slow, so as at times to be almost imperceptible, the material advance has been continuous. The recuperative powers of which my statement gives proof mean larger resources and greater staying power than before. If 20 years ago we had been compelled to pass through such an economic convulsion as has for the last five years attacked Bombay, our means of communication, our organisation, our resources, and the powers of endurance of the people themselves would have been wholly inadequate to sustain the attack, and wholesale disaster on a gigantic scale must have ensued. I admit that the numbers on relief and the loss of cattle and crops during the last famine were greater than in any preceding visitation of which we have record; but this is due not to the increased poverty of the people attacked, but to the unprecedented dimensions of the drought. There is a small school in this country as well as in India who are perpetually asserting that our rule is bleeding India to death. Since I have been Secretary of State I have taken great pains to collect and investigate any information or evidence I could obtain, no matter from what quarter it came, which by facts, figures, or other reliable information tended to support this allegation. I admit at once that if it could be shown that India has retrograded in material prosperity under our rule we stand self-condemned, and we ought no longer to be trusted with the control of that country. But no such facts, figures, or evidence have I ever been able to obtain. That a section of the public both here and in India believe this allegation is clear from their constant and unwearied repetition of the charge. But this belief is founded not on figures, or facts, or economic data, but on a plausible syllogistic formula that they are never tired of repeating. India, they assert, is a very poor country; its poverty is annually increased by the yearly drain caused by an excess of exports over imports. This drain is enforced upon India by the necessity of yearly meeting the obligations of the Government in gold in this country, and as this Government by continual borrowing increases these obligations so it quickens the process of impoverishment. I do not know whether the hon. gentleman the member for Camberne holds those views (Mr. CAINE: Not at all.), but I think he will admit that I have not unfairly stated the allegation that is constantly made. (Mr. CAINE: It is hardly worth answering.) The allegation is made so often that I should like to examine it.

THE "PROSPERITY" OF INDIA.

I admit that this question of the condition of the people of India is one to which we ought to give most attention. (Mr. CAINE: "Hear, hear.") As I said, the evidence points to an improvement of the condition of the people. Although in parts of India there may have been declension, as regards India generally any test that you can apply, whether it relates to consumption or production returns, Customs, excise, salt tax, railways, Post Office deposits, or has regard to the clothing or food or house equipment of the great mass of the population, shows that the economic movement of the last 50 years has been upward and not downward. Sir James Lyall was president of the Famine Commission which enquired into the working of the Famine Code in 1897-98, and I specially pressed him to enquire and obtain evidence as to whether the material condition of the population in the districts which had been afflicted by famine had, during the last 20 years, improved or deteriorated. The recollection of the distress and recent misery was vivid in the minds of all who gave evidence; but he asserted, with the unanimous concurrence of his Commission, that, so far as 83 per cent. of the population was concerned, there was clear and indisputable evidence that their condition during the last 20 years had improved. As regards the remaining 17 per cent., composed chiefly of coolies and labourers, he had some doubts whether the rise in wages which they received had kept pace with the rise in the price of food. Sir, the Viceroy has recently taken the greatest pains to ascertain, upon the same data as were furnished to the Famine Commission of 1880, what the average income per head of the agricultural population is now as contrasted with that 20 years back; and he ascertains that, whereas in 1880 it was Rs. 18 per head, in 1900, notwithstanding the increased population, it was Rs. 20 per head—not a great increase, but still an advance. During the same period the income per head of the non-agricultural population is estimated to have risen from Rs. 27 to Rs. 30. Passing on from individuals to aggregates, the total area under cultivation in 1880 was 194,000,000 of acres; it is now 217,000,000 of acres, an increase that has fully kept pace with the growth of the population. But when we turn to the yield per acre we see a marked improvement; in 1880, the yield of food crops per acre was 730lb., and in 1900, 840lb. If we turn to the non-agricultural population there are evident signs of continuous improvement. The distress of the past five years has mainly affected the West of India, in which the bulk of India's manufacturing industries are situated; but I find that, notwithstanding the depression during these five years, the cotton factories have risen in number from 350 to 586. There has been a considerable increase in foundries and railway workshops; jute mills have risen from 62 to 82, and imports of machinery and of mill work during the last five years have increased by 30 per cent. over the amount imported during the preceding five years. Now these movements, small as they individually are, are all travelling in the same direction; they all indicate progress. But the industry that has made the most important advance during the last five years is coal. Twenty years ago the whole output of coal in India was not a million tons. Ten years back it was over two million tons, in 1898, three years back, it was over four million tons, in 1899, five million tons, and last year it was over six million tons. Up to last year, India was an importing country; last year she increased her internal consumption by half a million tons, and for the first time became an exporter of coal. There are a number of known coalfields untouched by railroads. We are developing these by the extension of a new line which will pass through the part of the country where they are located, and I have very little doubt that, in the course of a few years, the output of coal in India will be doubled. There are enormous deposits of ironstone in India, and much of it is of fine quality,

but, so far as we know, nowhere in the vicinity of coal. Still, it is not improbable that attempts will be made to start the steel industry in India, and, if success is associated with such an enterprise, a far-reaching impetus would be given to Indian trade and manufacture. If I add to the facts I have thus enumerated the constant import and retention of precious metals on a very large scale by India, I have produced overwhelming cumulative evidence to show that the economic movement in India is certainly on the upward grade. (Hear, hear.)

THE EXCESS OF EXPORTS.

Let me deal now with the next allegation. It is true that the exports of India exceed the annual imports, but that does not prove that India is yearly becoming poorer. In Great Britain our imports for many years past have annually exceeded our exports. We are the creditors of the world, and the water-carriers of the trade of the world, and we import the overwhelming mass of the food we require and of the raw material used by our great industries. Under this regime we have prospered and become richer decade by decade; but the United States have, during the last few years, made phenomenal bounds in prosperity. During that period the excess of her exports over her imports has risen from $100,000,000 in 1895 to $540,000,000 in 1900. Is she the poorer? On the contrary, she has so increased her accumulated wealth and loanable capital that New York is now competing with London as one of the financial centres of the world. It is clear, therefore, that to base any conclusions upon the mathematical test of simple subtraction of exports from imports, or upon any survey of only the external trade of a country, without taking cognisance of the general trade of which it is a portion is thoroughly misleading. The simple fact that India exports more than she imports is no proof whatever that she is annually becoming poorer, for the vast increase of the volume of her external trade is evidence of industrial development and of increased powers of internal consumption.

RAILWAY DEVELOPMENT.

Let us now look at the nature of the payments made in this country on behalf of the Indian Government. It is not tribute or dead-weight disbursements; it represents in every case payment for service rendered, and service of the most valuable and remunerative character. By far the largest part of the so-called home charges is the interest payable on debt and railway capital. These two items are practically convertible, for all the debt incurred here for many years past has been for remunerative purposes, the development either of railways or of irrigation. The total capital put into the railways is about £225,000,000 sterling, and that connected with large irrigation works about £25,000,000 sterling. For these purposes we have borrowed and continue to borrow, but these borrowings do not impoverish India. There are two classes of borrowers in this world—those who borrow because otherwise they cannot meet their immediate obligations and those who borrow in order to improve their property and augment their income. The first are under compulsion to borrow; the second are free agents. India is in the latter category. We could stop borrowing at once if we thought it advisable to do so; but we deliberately continue our policy of borrowing because past experience has shown us that the development of the railroads and the irrigation works is a most admirable investment for the people of India. The indirect benefits that railways have conferred upon India are so great and indisputable that the sternest of economists have not grudged the annual charge imposed upon the revenues of India for the purpose of developing railway enterprise. Twenty years ago the annual charge, connected with the railway account, on the Indian Revenue was £2,000,000 sterling. The railway mileage then open for traffic in India was about 6,500 miles. The railway mileage in working order is now 25,000 miles—(hear, hear)—and, as the system has extended, the charge has become less and less, so that India has annually got the benefit of a larger and larger railway mileage and paid less and less for increasing advantages, until at the present moment the Indian railways are worked at a profit and are a source of revenue. (Hear, hear.) The Indian railway accounts are so extremely good that the House will allow me to explain them. The charge against railway revenues as shown in these accounts includes not only the working expenses and interest on all lines open, but also the interest on all the capital of unfinished lines. In addition to that there is a special charge which represents a sinking fund for the redemption of debt, which, I should think, from a strictly accounting point of view, ought not to be made a charge against the annual receipts. The Government of India have the power, under the contracts made with the guaranteed companies, of purchasing their lines at certain stated intervals, and they have the power, if they wish to avail themselves of it, of purchasing by a terminable annuity which lapses in 50 years. A considerable portion of this annuity represents the repayment of capital, and repayment of capital at the present moment amounts to the large annual sum of £590,000; and, under the operation of the Sinking Fund, in 50 years the Indian Government will acquire possession of a magnificent railway property which is now valued at £85,000,000 sterling absolutely free from debt or any annual charge connected with the payment of interest. Bearing in mind this special charge against railway receipts, it is interesting to note the remarkable improvement shown during the last five years in the railway accounts. In 1897-98 there was a loss on the railway account of £709,000. In the next year that loss was reduced to £620,000. In the first of the three years with which my statement deals the whole of this loss was wiped off, and there is a profit recorded of £76,000. In the next year this profit has increased to £156,000. In that year we acquired possession of the Great Indian Peninsula Railway, and in consequence of this operation of taking over a line and stock, the marketable value of which was £35,000,000 sterling, a large increase of the Sinking Fund had to be made. Sir Edward Law, therefore, estimated for the next year that, including the whole of this increased charge, there would be a deficiency of £164,000 on the railway account, but the traffic receipts of the first four months have been so satisfactory that it is now calculated that the whole of this estimated loss will be swept away, and that there will be, after including the whole of the Sinking Fund, a profit of some thousands of pounds.

Mr. Caine: Does the right hon. gentleman ignore the standing loss of £40,000,000 on the Indian railways?

Lord G. Hamilton: That has nothing whatever to do with it. When there was a loss on the railroads, of course it affected the finances of the year, and if the finances of the year had been unable to meet that charge and you had had to add to the capital value of your railways to enable you to meet the interest charge, then that figure might be taken into account. But that loss was met year by year and wiped off, and now all we have to do is to deal with the interest charges, and taking these charges into account the working of the railroads gives a profit during the past three years. The result of this system of borrowing for railways is that we have wiped out the annual loss, and if we deduct the Sinking Fund, which is a charge arbitrarily placed against the railway revenues, we find that the railway system is not only now costing us nothing, but, in addition to all its enormous indirect benefits, is contributing £600,000 a year to the Indian Exchequer out of its profits. (Hear, hear.) This, then, is the result of the policy which the hon. gentleman wants to prove is placing the Indian Government year by year in a worse financial position and ought to be put a stop to. I maintain, on the other hand, that this judicious system of borrowing has been the salvation, both financially and otherwise, of India. (Hear, hear.) If it had not been for the great development of railway enterprise it would have been absolutely impossible for us to have attempted to cope with one tithe of the distress which has been caused by the failure of the rains in certain parts of India. Although the working of the railroads is satisfactory, I think we ought not yet to be satisfied, but ought to try to improve it. Lord Curzon and I for some time past have been desirous of having the working and organisation of our Indian railroads investigated and reported upon by an outside railway authority. Great credit is due to the Public Works Department for the ability shown in overcoming the great engineering difficulties they have had to encounter; and the construction, development, and general administration of railways in India has on the whole been crowned with marked success. But I have little doubt that a railway authority, trained for many years to study economy, expedition, and cheap carriage, under the pressure of competition and the shareholders' desire for dividends, might be able to make valuable suggestions as regards the working of railways in India. I hope I have succeeded in securing the services of an expert of very great experience and attainments. He should start at once, and, before he finally reports, he will investigate the railway system in America with the view of reporting how far the methods that there prevail could with advantage be introduced into India. I need not trouble the House with the reference which will be given to him for his enquiries, beyond stating that his attention will be specially directed towards the development of light railroads amongst the more densely inhabited agricultural districts of India. I am hopeful that when that report is made we shall be able to take action upon it which will add to the value of the railroad property of India.

IRRIGATION.

The other great branch of remunerative capital outlay is irrigation. More than 20 years ago I presided over a committee of this House which reported upon this subject, and the experience that we have since gained has tended to confirm the substance of that report. Under certain conditions, which combine a continuous supply of water independent of the local rainfall, and passing through a country which by gravitation permits the transmission of water in various directions, the benefits of irrigation and its profits are very great. Excepting the Punjab and Sind, there are few, if any, parts of India where this combination is to be found on such a scale as to justify very large works, or where, if the conditions do exist, they have not been fully utilized. But I am doubtful if sufficient attention has been given to smaller and less ambitious works, such as reservoirs, tanks, and all those smaller schemes which, according to the climatic and physical conditions of the country, are calculated to meet local drought. These schemes occupy the great intermediate domain belonging to irrigation which is to be found between the humble well and the vast distributing works connected with the large rivers of India. The development of this class of irrigation is closely associated with land assessment and famine labour relief works. We must be most careful to see that our land revenue system by unduly assessing such improvements does not discourage the cultivator from making them, and we can, I think, by financial help or otherwise encourage local bodies, corporations, and well-to-do individuals to plan and promote the storage and distribution of water in the manner most likely to withstand the particular forms of drought to which their localities may be liable. Though many of the relief works made during famine are subsequently useful, still their utility at present is in no way commensurate to their cost. To bring together into one focus all forms of irrigation, and lay down, both as regards Government work and private effort, rules for their interlacing, encouragement, and control is a task which we propose at once to undertake; and I have secured as chairman of a commission for this purpose Sir

Colin Scott-Moncrieff, whose work in Egypt has been so remarkable that it has effaced the recollection of the excellent services which, as an irrigation officer many years ago, he performed in India. With him will be associated a revenue and engineering officer of the highest repute, and a Native gentleman of capacity and administrative experience.

CURRENCY POLICY.

But there is an agency as potent as either railways or irrigation in promoting India's material progress, whose activities, though silent, are ubiquitous and never-ceasing, and which demands a word of notice. I refer to our gold currency policy. It has stood the test of three successive adverse years, and not only has it emerged triumphant from that ordeal, but it has during that period lightened the strain which India's economic system had to sustain. One of the objects both of the right hon. gentleman the member for Wolverhampton and myself, in promoting the adoption of a gold currency and standard in India, was a firm belief that it would, by steadying exchange, largely increase the flow of loanable capital to India, thus developing industry and assisting agriculture by lowering the price of money and the rate of interest both in good years and bad years. Amongst the witnesses who appeared before the Currency Committee, no man spoke with greater knowledge and authority than Mr. Lindsay, of the Bank of Bengal, and he has recently communicated a memorandum to the Finance Minister in India, from which I will quote the following pregnant extract:—"A comparison of the rates of interest ruling in 1899 and 1900 with those in force during the preceding two years appears to indicate that the flow of capital to India anticipated by the Indian Currency Committee of 1898 has begun; and, to judge by the comparative ease with which the exceptional strain caused by the famine of 1900 was met, there is reason to believe that, should confidence in the stability of exchange be maintained, the existing facilities for the import of foreign capital will be ample to meet all legitimate demands on the short loan market in India." He then points out that there have been, during the past 25 years, three great famines in India—a famine in 1877, a famine in 1897, and a famine in 1900, which was the most serious and the longest maintained. The published rate of interest averaged in the first year 8.3 per cent., in 1897 7.9 per cent., but in 1900 5.3 per cent. So after this I hope I shall never be told again that India is too poor a country to bear the luxury of a gold standard. As I stated before, we coined last year 171,000,000 rupees, and the profit upon this coinage was about £3,000,000 sterling. No part of this profit has been credited to the revenue, but it was passed on to the cash balance, and temporarily used as loans to Native States and advances to cultivators. As such loans are repaid, it is intended to set the proceeds apart for the maintenance of a gold reserve fund, of which a part will be held in gold and a part invested. A beginning of investment has already been made, £1,000,000 of gold being sent from India, and about £1,000,000 of Consols have been purchased with the proceeds. But the possession of a gold reserve fund and of gold in the Treasury balances and currency reserve enables the Government to protect India from fluctuations in exchange. Formerly, the Government could only meet sterling obligations by the sale of Council bills to the public, or by borrowing; and it was sometimes necessary to press these bills on a falling market. Now the Government has a third and valuable resource. The Government can ease the market by sending home gold from its Treasury balances, or can draw gold from the currency reserve, or from the new gold reserve fund, or the Secretary of State can sell a portion of the invested funds. Sir, it has long been recognised that the possession of a stock of gold capable of being used in this way is one of the best possible safeguards for maintaining a stable exchange between England and India. On June 30 of this year the gold held by the Indian Government was thus located:—Paper currency reserve, £5,400,000; Treasuries, £180,000; gold reserve fund, £1,100,000, making a total of about £6,700,000, exclusive of £500,000 in the gold reserve in England.

THE REPORT OF THE FAMINE COMMISSION.

I received a few days back the report of Sir Antony MacDonnell's Commission upon the famine administration of the last drought, and this report also contains suggestions relating to the principles which govern the suspension and remission of land revenue during times of exceptional distress. The report is long, able, and unanimous; and in the course of a short time I hope to be able to give effect to many of its recommendations. There is in certain quarters an impression that our land assessments are in many parts of the country unduly high, and that the inability of the cultivators to meet distress caused by drought, as well as their indebtedness to the moneylenders, is largely to be attributed to these high assessments. My mind is perfectly open on such questions; I have never been able to obtain yet reliable evidence or figures in support of this contention which stood subsequent examination; and upon this point I may say that Sir Antony MacDonnell's report, which is unanimously signed by all the Commissioners, in no way maintains or advances any theory that our land assessment is too high. At the same time I readily admit that it may be that the rise under resettlement may sometimes be too sudden, and that here and there assessments may have been too high. And it is, further, an undoubted fact that the indebtedness of the occupier in many places is a serious economic and political danger. I do not believe, however, that the general rate of assessment is too high; on the contrary, compared with what it was under Native rule, it is undoubtedly moderate, and should be well within the general paying capacity of the cultivator, provided he is free from the clutches of the moneylender. If the indebtedness of the rayat and landowner be a serious admitted evil, can we free him from its grip and consequences? My belief is that this indebtedness largely arises from two causes. We have strengthened the tenure of the occupier and thus increased the value of the security he can offer, and the procedure of the civil Courts has expedited and strengthened the moneylender's powers of foreclosure. To remedy this state of things we are having recourse to counteracting processes. We have imposed in the Punjab and are about to impose in parts of Bombay certain restrictions on the powers of alienation by the occupier. The legislation is tentative, and will have to be very closely watched.

AGRICULTURAL BANKS.

The other measure to which I allude is an attempt to establish land banks. This is a proposal to which much attention and investigation in recent years have been given. A committee at Simla, under the presidency of the Finance Minister, is now sitting, and I hope, in the course of this year, one or more experimental banks will be started. This problem in all countries has proved a difficult one, but its solution in India is aggravated by the relatively much greater position which Government there occupies in the minds of the governed compared with Administrations in a self-governing community. These banks to be useful must be numerous; to be numerous they must be self-supporting and self-governing; but they cannot be started without Government support. We have, therefore, to try and define the support to be given so that it should be of such a character that, whilst sufficient to start a bank, it should automatically diminish and cease with the lapse of time. Too much care cannot in this respect be given to the constitution and framework of the pioneer institutions.

"REFORM" OF EDUCATION.

There is yet a further enquiry I have to refer to, and this will interest my hon. friend the member for Bethnal-green. The indefatigable Viceroy has another great investigation in hand dealing with a subject which, if not strictly germane to those with which I have been dealing, does indirectly affect the future industrial prospects of India—namely, the reform of the existing systems of education. No one, looking at the systems in force, can deny that primary as against secondary education has been neglected, and that, in the higher branches of education, a purely literary degree of a perfunctory character, and in many cases of no subsequent use, has, until quite recent times, pushed technical and industrial education out of the field. These obvious defects must be redressed, and in any reform in the direction I have indicated the Viceroy will have the support of the whole commercial and industrial intelligence of India. (Hear, hear.)

AN ELOQUENT VICEROY.

I have now enumerated the various enquiries and investigations which the Government of India have set on foot, some of which are complete, some proceeding, and others not yet commenced; but, in relation to all of these, there is but one desire on the part of those who started them—that they should bear fruit on the earliest opportunity. We are fortunate at this juncture in having as Viceroy of India a statesman who, in addition to other remarkable qualities, has a capacity of work in himself, and a power in moving others to similar exertion which I have never yet seen equalled. In his hands there will be no delay in taking action upon reports when made; and, as there will be a prompt co-operation here, I hope that, within a limited time, the reforms we have in view may be in working order in their respective spheres of operation. But I cannot mention Lord Curzon's name without pointing out that it is not only in connexion with questions of material progress in India that his work is to be lauded; in other directions he has done even more valuable service. It is not that he has made any marked departure from the principles which have animated his distinguished predecessors, as that, gifted with a remarkable power of sympathetic speech, he has brought vividly home to all ranks of the Native community the beneficent intentions of the Government of which he is the head, and the unselfish objects of the policy which it is perpetually endeavouring to promote.

"NECESSARILY AUTOCRATIC AND SUMMARY."

The fortunes of Great Britain and India are indissolubly united, and that curious and incongruous union, as it may seem to some, must, so long as it exists, bring in its wake a string of problems which would at first sight seem to baffle any stable solution. Upon the foundation of an Act of Parliament of a self-governing people there is established a Government at the other end of the world necessarily autocratic in its constitution and summary in its procedure, which exercises sway over one-sixth of the human race It has been frequently predicted that, as this House becomes more and more democratic in its character from the lowering of the franchise, so would it show a greater disposition to interfere in the policy and practices of the Government of India. So far from this having taken place, the exact reverse has occurred. I was Under-Secretary of State at the India Office 27 years ago, when a higher franchise prevailed in this country, and my work then was, as far as Parliament was concerned, much heavier than it now is.

Mr. CAINE: More interest was taken in Indian affairs.

Lord G. HAMILTON: No, that is not the case; it is not due to a diminution of interest in Indian questions; on the contrary, at no time can I recollect that there was a wider or more general sympathy with our fellow-subjects there than now prevails in this House.

Mr. CAINE: There is no opportunity of expressing it.

Lord G. HAMILTON: I repeat, in my judgment, and I think I may speak with some authority from my connexion with Indian administration for many years, there never was a time when there was a more anxious desire on the part of all sections to take an interest in Indian affairs. The truth is that a

democracy loves many things, but most of all the exhibition of strength if associated with justice; and it is ready to support and applaud a strong Government in India, provided that those who exercise authority there exhibit the qualities of justice, vigilance, and fearlessness; but, of these attributes, first comes justice. It is sometimes said that the foundation of our rule in India is force. I deny that proposition. Justice is the foundation of our authority in India, force is in reserve, but only to uphold justice. Up to the time of the establishment of our Government in India her past history was one continuous record of the rule of fighting minorities dominating peaceful majorities. We suppressed the turbulent few to the immeasurable gain of the quiet many. To maintain justice between man and man, to ensure equal treatment between race and race and creed and creed—this is the mission and should be the glory of British rule in India. (Hear, hear.) The volumes of multifarious papers, reports, and correspondence dealing with different branches of work and administration that come under the cognisance of the Secretary of State for India are generally pleasant reading. They do indicate the success and thoroughness with which this task of enforcing justice is carried out by our rule in India. But I occasionally come across undoubted miscarriage of justice, where verdicts are given contrary to the clear opinion of the Judge and the evidence he has analysed; and, although these cases are very few and far between, they are generally connected with incidents where European and Native have come in collision. The Viceroy has on more than one occasion in manly and eloquent language pointed out that any one who in any way aids, abets, or connives at such a decision is doing his best to destroy the moral foundations of our authority in India—(cheers)—and I wish here publicly to endorse every word he has so said. There are problems ahead, social and political, which must crop up in the future, and whose handling will be difficult, and solution impossible, unless we can associate with their ultimate settlement confidence and trust in our motives and integrity. The Viceroy has already, during his present tenure of office, achieved two great personal successes; by his talents and personality he has strengthened the external policy of India, and at the same time has infused vigour and activity into every branch of internal administration, thus winning the admiration of the governing classes, and, on the other hand, by his consideration for the sentiments, feelings, and rights of the Native populations, he has gained their especial esteem and confidence. Under the auspices of the new century, I believe that this rare and happy combination of governing qualities will inaugurate a new era of prosperity and progress in India. (Cheers.)

SIR M. M. BHOWNAGGREE'S AMENDMENT.

Sir M. M. Bhownaggree had given notice of the following amendment:—

"That this House views with approval the efforts made within the last two years by the Viceroy and local Governments in India to foster the indigenous industries of the country and promote technical instruction, and is of opinion that, for the better and more rapid attainment of these objects, a public enquiry into the present condition of industrial education should be held with a view to devising a thoroughly regulated system of elementary, technical and industrial training in connexion with the existing educational institutions throughout India." He rejoiced at the satisfactory statement of finance after the troublous times through which India had passed in recent years. It afforded evidence of the recuperative power of the country, sound administration, and the industry and fortitude of the Indian people. One of the causes of the favourable balance which the noble lord had said might be expected was the reduction of Army charges last year owing to the employment of troops in China and South Africa, and this induced the reflection whether a redistribution of military charges between India and England might be effected to the permanent relief of India from a portion of that burden on the ground that the army of India was available and constantly used for large Imperial purposes. He expressed satisfaction with the scheme for the formation of an Imperial cadet corps, which would form a legitimate means for the gratification of military aspirations among the princely houses of India and show their confidence in British rule. In India all increases for Army charges were unpopular from the fact that the necessity was not apparent and made known as in a self-governing country. When new expenditure was sanctioned it was of the utmost importance that the Native population should feel that in any benefit that accrued they had their share. The medical service of India had a long standing grievance in respect that they had no avenue of advancement or preferment to the higher grades of the profession. Men of vast experience and great ability had had to relinquish or retire from their offices after occupying them for 30 or 40 years almost with the same pay at which they began in early life. He suggested that the increase of officers in connexion with the contemplated reforms in the Army service gave a fine opportunity to the Government of India to open out the avenues of promotion to a deserving class of professional men to whom justice had too long been denied. While he regarded with satisfaction the general situation unfolded by the noble lord, there was one subject less pleasant to reflect upon, and that was the treatment of British Indian subjects in South Africa and other colonies of the British Empire. When a great invasion was made on the rights and privileges of the people of India who had occasion to reside in those countries he wanted to know by what means that invasion was going to be met in future. There had been a thrill of delight throughout India at the announcement that Mr. Chamberlain had disallowed the Queensland Asiatic Act because it included British Indian subjects solely on account of race and colour. He hoped the right hon. gentleman would forbid such legislation in other colonies. If no steps were taken to arrest it, if further tolerance was granted to that despicable and vile system which British fellow-subjects gave to other British fellow-subjects within the limits of their colonies, then he said the time would come, and that before long, when the House of Commons would have to pronounce a verdict whether the promises and pledges given repeatedly by the British nation to the people of India were to have force and effect or not. (Hear, hear.) If Imperial statesmen were to throw up their hands and say that because they had given self-government to colonies here and there those colonies could not be touched when they trampled in the dust the great traditions of British rule, then the right to govern India from here would be to a large extent modified in the eyes of the Natives of India and other foreign countries. (Hear, hear.) Then, with regard to the unfair treatment of Lascar seamen, while he recognised that Mr. Justice Mathew's judgment represented one of those conflicts of law which would occur in the history of communities and people, he submitted that it was in the power of statesmen here to adopt measures to give justice and deserved rights to those poor people. If Lascars were to be employed at all on board British ships it would be because it was profitable to the owners to employ them. He did not see why men whose frugal habits and hardy pursuits adapted them for such service should not be employed on terms which they themselves were willing to accept. (Hear, hear.) To deprive Lascars of this opportunity of employment robbed the industrial classes of India of one of the few means of livelihood left to them. He believed that those placed in office were not wanting in sympathy, and were doing their best to safeguard the interests of the people of India, but all that the people knew were the results, whether of legislation or of judgments in courts of law. Referring to his motion, he said it was a great satisfaction to him to feel that industrial and technical education in India stood to-day on a very different footing to what it did three years ago. It was broadly recognised that India must manipulate skilfully its natural resources in order to emerge from that state of poverty and despondency into which she had fallen. He wished to express his thanks to the Secretary for India and to Lord Curzon for the sympathetic way in which they had dealt with this question, and the efforts they had made in the last few years. He welcomed the enquiry promised, and hoped that it would embrace the consideration of the want of means of technical and industrial education in India, and that a scheme on a large scale might be devised to supply that want in the future. It had been shown recently that among the 300,000,000 people in India the Government could not find a man who could impart ordinary instruction in mechanical engineering. No new industry in the real sense of the term had been established in India during the last 20 or 30 years, while whatever remained of the old industries was day by day rapidly disappearing. Only an infinitesimal percentage of the people was employed in the industrial factories tabulated in Blue-books. So long as means were lacking of imparting technical and industrial education in India so long would the people of India remain mere wage-earners. Steps might be taken, first, to enquire into the economic condition of India with a view to find out what were the causes that had led to the restriction of industrial and technical education, and, secondly, for the purpose of finding out how this great evil could be remedied in the future. He concluded by moving his amendment.

Mr. C. McArthur formally seconded the amendment.

NEGATIVED WITHOUT A DIVISION.

Lord G. Hamilton said he understood that several hon. members wished to speak upon other questions connected with the financial statement he had made. In these circumstances it might be for the convenience of the House if he dealt with the amendment which his hon. friend had moved at this early stage. His hon. friend had truly said that the cause of education in India was now in a more satisfactory condition than it was a few years ago; and he thought that his hon. friend might fairly take upon himself some of the credit which had resulted from the efforts he had made in season and out of season in the direction of that improvement. It must be obvious, however, that until there was an increase of the existing industries by the multiplication and diversification of industrial employment the condition of the people would not be benefited to that extent which every well-wisher of India would naturally desire. As he had already stated in his speech, the question of general education in India had been under the consideration of the Viceroy, and the Viceroy had determined to suggest an enquiry into the whole system. He could not state what the terms of the reference would be and what form the enquiry would take, but he felt confident that it would be much in the direction of promoting the objects which his hon. friend had in view. Therefore, if he could not accept the amendment it was not because he was not in entire accord with it, and he hoped his hon. friend would be satisfied with the assurance he had given.

The amendment was then negatived without a division.

MR. W. S. CAINE'S AMENDMENT.

Mr. Caine had given notice of the following amendment:—

"That this House recognises the devoted and earnest endeavours of the Viceroy of India and all concerned in famine administration to relieve the suffering people in the famine districts, but regrets that during a long series of years the attention of the Government has been directed too exclusively to measures for the alleviation of distress to the neglect of those adequate means of prevention recommended by successive Famine Commissions; and this House urges upon the Govern-

ment of India that no other objects of expenditure either in order of time or in the amount expended shall be allowed precedence of such measures as are calculated to prevent these constantly recurring calamities."

Mr. Caine said that there was no need for him to take up the time of the House with any eulogy of the splendid work done by the Viceroy of India, and by every official from the highest to the lowest, who had been concerned in famine administration during the last two or three terrible years. He had always declared that the Indian Civil Service was the finest in the world, and was filled by men who thought nothing of self, and were prepared to make every sacrifice of comfort, health, and life in the discharge of the heavy duties which so often fell upon them. He felt sure that the whole House would join with him in an expression of grateful recognition of their unrivalled services during one of the greatest trials of their quality that had occurred for many a long year. The one great need of Indian administration was economy, and by economy he meant not parsimony and cheeseparing, but the wise expenditure of Indian resources. There was no country where public expenditure, rightly administered, brought in so quick and profitable a return.

WASTEFUL EXPENDITURE.

It was impossible to prevent that great waste of Indian resources, recurrent famine, without expenditure. The great need of Indian finance was the diversion of expenditure from waste to useful works. For instance, it was sound economy to reduce the amount spent on armaments and increase that spent on irrigation. Referring to the financial review of the last three years in the Explanatory Memorandum, he pointed out that the net revenue at the end of that period had been increased by £443,000, the whole of which and £90,000 more beside is due to opium increase. It was, however, quite a fallacy to claim this increase from such a source as being a good feature of Indian finance, for further on in the Memorandum they were told that there is an estimated falling-off next year on opium revenue of £600,000, so that this particular increase was only ephemeral, and ought to be treated as such. He would like to know what amount of this increase was due to Indian consumption, as he had reason to believe that, perhaps unconsciously, but none the less certainly, the Government of India was stimulating the consumption of this drug in India with a view to making up for losses in China. During these three years expenditure in England on behalf of India had gone up nearly fourfold to £1,654,000. These increases in England were always occurring with the most serious consequences to India. It was significant to note that none of the additions were for purposes which add to the productivity of India. £680,000 of this expenditure was for ordnance stores and other military purposes. Referring to the previous debate on Sir Mancherjee Bhownaggree's amendment he (Mr. Caine) wanted to know why this large amount of ordnance stores could not be manufactured in India, as he was quite certain that not only this but many of the other general stores purchased in this country could be procured in India at a much smaller cost. He hoped the time was not far distant when the Government of India would be permitted to make their own purchases and their own contracts for stores direct instead of through the intermediary of the India Office in London. The total increase in expenditure had been nearly 2½ millions. He would take as an illustration of possible economy in small directions the costliness and folly of borrowing money from the feudatory States, and as an illustration of possible economy in large directions those unnecessary armaments which more than all beside crippled Indian finance. Mr. Caine then quoted from an official return of all loans raised in India a number of loans from Native States. He pointed out that the Government of India had borrowed from the Maharaja Holkar £1,000,000 at 4½ per cent. for 101 years. A more ridiculous transaction was never carried out. The money could to-day be borrowed easily at 3 per cent., but here was a needless payment of £15,000 a year for at least 80 years, and before this loan is repaid the Government will have disbursed in interest, apart from the principal, £3,500,000, of which £1,500,000 represents the difference between 4½ and 3 per cent., and would have been much better sunk in irrigation than in the pockets of the wealthy Maharaja. It was impossible to understand why when the loan was raised a sinking fund was not provided to extinguish it over a number of years.

ARMAMENTS AND THE ARMY.

Then there was another loan from Scindhia of £1,500,000 at 4 per cent. Here the position was worse than in the case of Holkar, for there was no limit of time. This loan made a present of £15,000 a year to Scindhia for ever. He had no desire to depreciate the personal loyalty and general good administration of the State of which Scindhia was the chief, but this £15,000 a year would have been a good deal better sunk in enterprises for the prevention of famine. He could give many such instances as this of the waste of public money by the Government of India, but he would content himself with referring those members who wished to look further into the matter to the Report of the Royal Commission on Indian Expenditure, on which he had the honour of serving. One of the great sources from which real relief could be got to Indian finance was by a reduction of armaments. The Army charges in India were less last year than the previous year by £1,276,000, in consequence of the absence of Indian regiments on service in South Africa and China, but he was shocked to find that all this saving was to be spent on fresh Army services. Expenditure on armaments in India was increasing steadily year by year. The increase on the coming year over the one under review was no less than 160 lakhs, or more than one million sterling, and there seemed no reason to suppose that unless there was some radical and permanent reduction made in the number of men there would be anything else but a steady increase in the future. There had been altogether 24,000 Native troops serving in China and elsewhere out of India during last year, and 8,200 British troops had been withdrawn from India for service in South Africa, a total of 32,000. It was impossible to suppose that the Viceroy and his Government would have consented to the withdrawal of these troops unless it could be done quite consistently with the safety and good government of India. It was therefore clear that these troops were not needed for the defence of India, but could only be looked upon as a reserve force for the British Empire in the East, stationed in India but available for service elsewhere, and that therefore the cost of 30,000 troops at least ought to be chargeable to Imperial revenues so that the Indian Exchequer could be entirely relieved of their cost. The average cost of an individual soldier, taking the British and Native troops together, was about £110 per annum.

THE COURSE OF FAMINE.

The change he suggested would relieve India of some three millions a year, which could at once be made available for famine prevention works such as irrigation. All these suggested reforms were doubly important in view of the frightful condition of chronic famine into which the country had fallen. The recent terrible famine was supposed to be over, yet there were still 540,000 persons on relief. Famine was insufficiency of food whether caused by drought or by high prices. The Secretary of State's observation early in last year that the famine in India was a famine of money, not of food, was an awful admission of the poverty to which the country had been reduced. It gave the whole case away to the critics of the Government of India. But as a whole the sentence was hardly accurate. There was in a sense food enough to leave a portion in the dealers' hands, because tens of millions of people did not get sufficient to eat one month out of the twelve. It could not be too often asserted that poverty and not scarcity was the root cause of famine. The country was in its famine aspect drifting from bad to worse, and from worse to final ruin. If they took the nineteenth century and divided it into four equal parts that statement would be clearly proved. Taking the first quarter from 1800 to 1825 there were five famines with an estimated loss of one million lives. During the second 25 years there were two famines, with a loss of 500,000 lives. During the third period there were six famines, the mortality being five millions. Since 1875 there had been 18 famines, the loss of life having been no less than 27,000,000. Mr. Caine proved and emphasised these figures by quotations from the Famine Commission Blue-books of 1880 and 1887. During the last quarter of a century more than a million people had died on the average every year in a British-ruled country, or to put it simply, two every minute, 120 every hour, and nearly 3,000 every day, while during the last ten years the average had been just double this. He asked the House whether this ratio was to be kept up over the twentieth century; whether in the first quarter of the century the number of deaths through famine were to be over 50,000,000. It was evident that unless radical changes were immediately undertaken and energetically proceeded with the Secretary of State, if he lived until 1925, would find himself in a melancholy plight, for during the period he had been in office the opportunity of largely checking if not of wholly preventing famines had been entirely in his hands. He had now the chance and the means to kill famine if he would.

NEGLECT OF PREVENTION.

The noble lord began his official life as Under-Secretary of State for India in 1874. The famous Famine Commission which reported in 1880 was appointed while he was in office. For the last six years he had been Secretary of State for India, having held that office for a longer period than any of his predecessors. Now what did this Famine Commission recommend in 1880? He would quote the actual words: "Among the means which may be adopted for giving India direct protection from famine arising from drought the first place must unquestionably be assigned to works of irrigation." Now every acre brought permanently under irrigation increased the produce five fold, and the revenue from taxation accordingly. Could the noble lord point to a single year since his Famine Commission reported in which the Indian Government had given irrigation a first place in its policy? They ought not to forget that irrigation works were profitable, which was an additional reason why they should be pushed to the utmost limits of their possibility. They were profitable because of the increased food and higher revenue which they provided. But in the financial year 1898-99 irrigation works showed, after charging full interest, a surplus of nearly £700,000, and yet irrigation had anything but the first place that year. Since the Famine Commission reported in 1880 sixty millions of capital expenditure had gone for railways. He reminded the noble lord of the reply which he gave to Mr. Herbert Roberts on August 1, in which he showed that nearly £40,000,000 of total loss, not reckoning the cost of the land, had been borne on the whole railway expenditure of about £200,000,000. But although the Government of India during the last 20 years had spent £60,000,000 on unprofitable railways they had only been able to spend £10,000,000 on irrigation. Was this putting irrigation first?—one-sixth only as compared with railways, which did not in themselves cause a single ear of corn to grow, and which had been pushed on too rapidly for an agricultural and poor country like India. He quoted valuable opinions from the 1880 Report of the Famine Commission, showing the enormous value of irrigation. He had no hesitation whatever in declaring that if as much had been spent on irrigation, including storage tanks at one end of the scale and wells at the other, as had been spent on railways, not one of the recent scarcities and famines would have occurred. The Government during all these years had been busy improving relief but neglecting prevention. They had compiled a Famine Code so elaborate and far-reaching that they had

boasted over and over again that never again would millions die during a famine. He had nothing but unlimited praise for this code as a piece of administration. He had no hostile criticism to offer with regard to it, but the boast had indeed proved a vain and an empty one. Mr. Caine then quoted from the Census returns to show how completely their record had falsified this boast. He showed from a succession of statistics that in the Central Provinces alone, one of the least densely populated of the large divisions of British India, there had been an actual decrease in the population of 1,116,000 souls. Now with regard to the remedies proposed by the Commission, there was Sir James Caird's sensible proposal that to keep pace with the normal growth of the population in India a bushel per acre of increased production from the soil should be secured in each of the ten years. What had the Government done to insure this? Practically nothing. The Agricultural Department for all India had been strengthened no doubt, but in this direction it had done of a little irrigation nothing had been done.

"THE VERY VERGE OF RUIN."

He had no doubt the noble lord would say the land revenue had been maintained. Yes, but how had it been maintained? It had been maintained no doubt in the first instance by the additional yield from such new land as was brought under irrigation, but the facts proved beyond question that the dry land had been yielding less and less, and to an extent not covered by the increase from irrigated lands. Another source had been the annexation of new territories, and perhaps the most important of all, the money-lender. One of the curses of India was the money-lender. Very little of the land revenue was paid directly by the cultivators. Most of it was received by the Government from the money-lenders, who in return extorted it with a high rate of interest from the cultivators, and, indeed, so widespread was this system that only the money-lender stood between the Government and absolute ruin last year. Mr. Caine then proceeded to call attention to Bombay Land Revenue Bill. He said that the year 1895-96 closed in Bombay with a clean balance sheet. Virtually the whole of the land revenue was realised. Then followed the famines of 1897 and 1900, and the cultivators were heavily in arrear. The arrears of the land revenue due from them were said to be about 134 lakhs of rupees, corresponding to nearly one million pounds sterling; and these arrears were due from about one-third of the cultivated land of the entire Province. The obvious duty of the Government of Bombay after such a terrible calamity was to grant remissions; but he was alarmed to find from the Indian papers that a different policy seemed to be contemplated. The Government had legally the right to sell the defaulting holdings for arrears; and they were taking power under a Bill, lately introduced in the Bombay Council, to re-settle them without those tenant-rights which they had hitherto possessed. In other words the grave calamity of recent years was taken advantage of to pass a law which, if enforced, would deprive one-third of the tenantry of Bombay of those rights of sale and mortgage with respect to their holdings which they had enjoyed under British rule for over half a century. Since the days of Elphinstone and Lord Canning and Lord Lawrence, the policy of the British Government had been to foster and create proprietary rights in the cultivators of the soil, and now all of a sudden, in a year of unprecedented distress and famine, the new Bill sought to extinguish these rights over one-third of a large and populous Province. The tenants of Bombay might be poor, and might be indebted to their moneylenders. The proper course to relieve them would be to moderate the land revenue, and to grant remissions after famines—not to deprive their holdings of that marketable value which they had so long possessed. The Bill had produced a grave and widespread discontent and was protested against by Native members of the Legislative Council. It was regarded as a confiscation of tenant-right over a large part of the country; and it might lead to the most lamentable consequences. Mr. Caine then quoted several passages from the text of the Minute of Dissent signed by Messrs. Gokhale and Chhatre, members of the Select Committee appointed to consider the Bill which was published in INDIA, August 9, and appealed to the Secretary of State for very deliberate and carefully-considered legislation. He also trusted the trade in intoxicating liquors in India would be abolished. The people did not take to intoxicating liquors themselves, being, in fact, practically a race of total abstainers, but drink was thrown in their way because of the revenue it produced. As there were no vested interests in the trade as in this country, it might be abolished without a voice being raised in protest. In conclusion he said they were bringing the Indian Empire to the very verge of ruin, and he ventured to make an earnest appeal to the Indian Government to accept this motion and gird up its loins at once for a reduction in military expenditure, and the employment of the revenue so saved in the development of irrigation and other works calculated to prevent rather than to relieve famine.

MR. COHEN.

On the return of the Speaker after the usual interval,

Mr. COHEN denied that the Secretary for India had been too optimistic in his view of the financial prospects of India. The optimists on the subject were those who had spoken the truth, but the pessimists had been inaccurate in their predictions. The finances of India at the present time were far more favourable than any one could have expected who knew the unfavourable influences which had affected the year under review. The hon. member for Camborne attributed much of the financial success to the reduction of charges for the Army owing to the withdrawal of troops. The Army in India was not kept there in the interests of law and order in the country, but to protect the Indian frontier. Those who took an optimistic view of affairs in India were quite as much interested in the welfare of the Native population as those who, on Budget nights, always made pessimistic speeches on the prospects of India. He had studied the Indian papers closely, and he claimed that the policy of Lord Curzon was not only not open to the charge of neglect of measures of protection against famine, but the present Viceroyalty had been distinguished by the progress which had been made in works for protection against famine, and of these the two principal were railways and irrigation. The extension of railways, if not a protection against famine, was a security against the ravages of famine, and this experience had proved. It was a delusion that railways increased the price of grain; they tended to equalize prices. He rejoiced to know that the Viceroy had announced a determination to proceed with his energetic policy of extension of railways which had characterised his term of office. It was scarcely a generation since the mileage of Indian railways was only 5,000, and at the present time 25,000 miles of railway were at work. The more the railway system was extended—and he made no distinction between fertile and non-fertile districts—the more security there was against those terrible visitations of famine to which India was intermittently exposed. He congratulated the Secretary of State upon the position the finance of India had attained, and the spirit of optimism with which he had been charged was justified in the circumstances. He referred to the stability of exchange and paid a tribute to the great services rendered by Sir H. Fowler, who by his report laid the foundation of that permanent stability of Indian credit which was of direct and immediate effect on the welfare of the Indian Empire. The flow of English capital into India required only the assurance of stability of exchange.

MR. HERBERT ROBERTS.

Mr. HERBERT ROBERTS expressed gratification at the brilliant way in which Lord Curzon had fulfilled the hopes which were entertained about his administration. If famines were to occur in the future as frequently as in the past, the outlook was dismal indeed. He was not a pessimist, but if famines were periodically to recur, he submitted that it would be necessary in dealing with famine that the administrative policy of the country should be, more than in the past, shaped with a view to meeting and minimizing these terrible calamities. He called attention to the lack of Parliamentary facilities for the discussion of Indian questions, and urged that a rearrangement should be made by which the Indian Budget should be discussed at the beginning instead of the end of the Session. There would be distinct advantages in this. For if they had an opportunity of having this debate early in the Session there would grow up a new interest in Indian affairs, and a new capacity to deal with them, which, he thought, would encourage those who were charged with the Indian administration. He suggested that a small committee might consider this point.

MR. J. E. GORDON.

Mr. J. E. GORDON had given notice of motion as follows:—

"To call attention to the refusal of the Secretary of State to accept full official responsibility for the due completion of the Great Indian Peninsula Railway Company contract, especially as regards the correct interpretation of the rate of interest usual in calculating the terms of repayment; that the precedents since 1880 have been violated; that the India Office excuse their refusal to explain to the Great Indian Peninsula shareholders the exact methods of calculating the rate of interest in the cases of the Great Indian, the Eastern Bengal, and Scinde Railway Companies, on the plea of ignorance and non-responsibility; and to move a Resolution."

Mr. GORDON called attention to the fact that this time last year the House sanctioned an expenditure of £34,800,000 to repay the shareholders of the Great Indian Peninsula Railway. The Government exercised their rights of selecting the method of repayment; they decided on annuities, and in the calculation involved in finding out the correct rate of interest in connexion with these annuities a blunder had taken place by which the trustees of widows and orphans, and penny banks, and insurance offices had amongst them lost £3,000,000. He believed that this was due to want of care on the part of the India Office, a want of thorough personal responsibility in the solution of this contract, and an error of judgment in an almost equally influential quarter—namely, the Bank of England. The Chancellor of the Exchequer had told him that this matter had been settled according to precedent, but the right hon. gentleman had been given information which had no foundation in fact. The House had a Parliamentary responsibility for the correct determination of these contracts; this was the fourth, the last three having been harmoniously settled. For 20 years these precedents had ruled the investments of insurance offices, trustees of penny banks, etc., but now these people who had bought their securities on a Parliamentary guarantee had been deceived, and had lost their money. The noble lord 22 years ago presided over a Select Committee, and the evidence given before that committee, by men as eminent as the present Prime Minister and Lord Cranbrook, was in complete accord with the view taken by himself and thousands of others as to the precedents and practice in connexion with this matter. The noble lord on the previous day, in reply to a question, had stated that he had no knowledge of the manner in which the rate of interest was calculated by the Governors of the Bank of England. (Lord G. HAMILTON: Hear, hear.) He was sorry to hear that the noble lord accepted the answer which was put into his hands.

Lord G. HAMILTON: Pardon me, I am responsible.

Mr. J. E. GORDON asked whether the noble lord was responsible for an answer acknowledging his ignorance.

(The Report will be concluded next week.)

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Ditto do. in the House of Commons, February 12, 1895, on the Debate on the Address.
Ditto do. on British Rule in India (1898).

Presidential Address by Mr. Dadabhai Naoroji, M.P., delivered to the Indian National Congress at Lahore, 1893.

Presidential Address by Mr. A. M. Bose, M.A., delivered to the Indian National Congress at Madras, 1898.

Speeches of Mr. Alfred Webb, M.P., President of the Indian National Congress, 1894-5.

Valedictory Address of Mr. Alfred Webb, M.P., delivered at Bombay, January 17, 1895.

Speeches of Mr. D. E. Wacha delivered at the 9th, 11th and 14th Sessions of the Indian National Congress.

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The Famine in India. Speeches delivered at a Public Reception to Mr. Vaughan Nash on his return from the Famine Districts, July, 1900.

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Note on the Explanatory Memorandum of the Secretary of State for India, 1894-5.

Note on Sir James Westland's Budget, 1895-6.

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The Poor Man's Lamb: Famine Insurance for the Masses *versus* Exchange Compensation for the Classes.

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